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# Smith Says U.S. Will Bolster Intelligence System to Combat Spy Threat

By LAURIE BECKLUND, Times Staff Writer

Citing what he termed a "dramatic" increase in the threat posed by foreign spies over the last decade, Atty. Gen. William French Smith said Friday that the Reagan Administration is "revitalizing" U.S. intelligence gathering.

In what was described as the Administration's first major policy address on intelligence, Smith told the Los Angeles World Affairs Council that the Administration is undertaking measures that "will strengthen the public confidence in our intelligence system."

"President Reagan inherited an intelligence community that had been demoralized and debilitated by six years of public disclosures, denunciation and budgetary limitation," French said.

## Controversial Order

During the same time, he said, "the likely number of spies in our country" operating under the guises of scientists, journalists, businessmen, students and new immigrants, "has increased sharply."

The wide-ranging address was designed to mount support for a controversial executive order on intelligence that President Reagan signed two weeks ago.

The order, which authorizes the CIA to conduct covert operations inside the United States for the first time, has been criticized by a coalition of 109 civil liberties, religious, foreign affairs, consumer and environmental groups.

The Reagan order, the groups said, does not adequately protect Americans from intelligence abuses uncovered by congressional hearings in the 1970s.

Smith reiterated Friday earlier Administration statements that intelligence agencies will respect the constitutional rights of U.S. citizens.

## Won't Answer

Citing highly publicized trials in which individuals have been convicted of selling American technology abroad, Smith said California's defense contractors and "Silicon Valley" have been the targets of "intensive foreign intelligence efforts." He refused to elaborate.

At a press conference before the address, French refused to answer a variety of reporters' questions designed to clarify the Administration's intelligence policy.

"I rather suspect that a lot of you will be interested in some questions that I just will not be able to answer," he told reporters at the outset of the press conference. "About everything I can comment is in there (the speech)."

## Would Get Authority

He suggested that the primary intention of Reagan's new order is a psychological one—to change the "atmosphere" under which intelligence agencies operate. The more restrictive executive orders on intelligence written by former President Jimmy Carter were "cast in terms of what the intelligence agencies cannot do," he said. Reagan's new order is "cast in terms of what the intelligence agencies can do."

In his address, Smith said he as attorney general will have authority under the new executive order to approve "proposed activities" by intelligence agencies inside the United States if it is determined that

the target of surveillance is an agent of a foreign government.

When asked at the press conference if, for example, the dozens of domestic solidarity groups—such as those that support movements in countries like the Philippines and El Salvador—may be considered "agents of foreign governments," Smith said:

"All I can say is that we know that international arms of many governments are operating within the United States and the function of foreign counterintelligence is to deal with those activities and we are dealing with them and we deal with them in individual situations as those circumstances warrant."

Beyond that, he said, "I really can't comment."

## Reagan Remark

On an unrelated subject, Smith was asked to clarify a remark made by Reagan at a press conference Thursday that seemingly contradicted Administration policy.

Reagan had said he saw "no fault with" an agreement between Kaiser Aluminum and the United Steelworkers of North America that set voluntary affirmative action quotas. However, William Branford Reynolds, assistant attorney general for civil rights, said recently that he was seeking a case that would overturn a Supreme Court decision that approved the agreement.

Smith said he considered Reagan's statement "perfectly consistent with administrative policy." In Washington, Deputy White House Press Secretary Larry Speakes also attempted to clarify the confusion.

"The President does favor voluntary affirmative action quotas," Speakes said, without noting that the Kaiser agreement was a voluntary one.